

HOUSING DEPARTMENT

Impact Analysis Report

OVERVIEW

The Housing Department is responsible for the collection of fees related to the Rental Rights and Referrals Program and also for the collection of inclusionary fees. Inclusionary fees support the production of affordable housing units. Housing developments in Redevelopment Project Areas or other specially-designated areas require a portion of the housing units to be affordable to low- or moderate-income households. In limited circumstances, developers may choose to pay an “in-lieu” fee instead of building the required affordable units in their project. This fee is also paid for fractions of units that must be provided under the development requirement. The inclusionary fee is based on an estimate of the cost to the City to subsidize the construction of an affordable rental/owner unit.

On June 19, 2007, the City Council and Redevelopment Agency Board approved amendments to the Inclusionary Housing Policy which included a revised inclusionary in-lieu fee structure. For most units, the revised fees are \$17.00 per total square feet of living space in the entire development, with a maximum that varies by the type of units in the development, including: rental, for sale low-rise, for sale townhouse, for sale single-family detached, and for sale high-rise not in downtown incentive area. For units in the Downtown High-Rise Incentive Areas, the fee is \$8.50 per square foot. It should be noted that estimated revenues associated with these fees are not included on the following fee schedule due to the volatility of the housing market.

The Rental Rights and Referrals Program fees are collected from rental units covered by the Rent Control Ordinance and the Mobilehome Rent Control Ordinance. In 2002-2003, the fee structure was adjusted to \$9.09 for rent-controlled apartments, \$6.26 for mobilehomes, and \$0.50 for non-rent control units. The fees were set at an amount to cover the estimated costs of providing the Program services, which include mediation services to settle tenant-landlord disputes, information and referral services, and outreach and education services.

In recent years, rental rates for apartments have been somewhat lower than in the preceding years, and this directly contributed to a decreased demand for mediation services. Lower costs for mediation services, in addition to decreased staffing costs, have contributed to the accumulation of a reserve from rent-controlled apartment fees. As a result, the fee for rent-controlled apartments will be suspended for one year, during which time the program costs for services to apartment tenants and landlords will be paid from the accumulated reserve.

During 2007-2008, a thorough analysis of the costs of each category within the Rental Rights and Referrals Program, including staff time devoted to each of the three program areas, will be utilized to develop a recommendation for the fee structure for 2008-2009 that will make each segment of the program 100% cost recovery.

HOUSING DEPARTMENT (CONT'D.)

SUMMARY OF ADOPTED FEE REVISIONS

Existing Fees

As previously discussed, the apartment fee for the Rental Rights and Referrals Program will be suspended in 2007-2008. These fees, which have been assessed at a rate of \$9.09 per apartment, have accumulated a substantial reserve (\$640,000). As a result, the fee will be reassessed in 2007-2008 and a revised fee structure may be proposed in 2008-2009.

DISCUSSION OF SIGNIFICANT IMPACTS

No significant impacts are anticipated from these changes.

NOTIFICATION

The Proposed Fees and Charges Report was released on May 4, 2007 allowing for the minimum of ten days for public review. Public input on fee proposals was heard by the City Council during public hearings held on Tuesday, May 15, 2007 and Monday, June 11, 2007 at 7:00 p.m. in the City Council Chambers.

DEPARTMENTAL FEES AND CHARGES

HOUSING

Service	2006-2007 Adopted Fee	2006-2007 % Cost Recovery	2007-2008 Adopted Fee	2007-2008 Estimated Cost	2007-2008 Estimated Revenue		2007-2008 % Cost Recovery	
					Current Fee	Adopted Fee	Current Fee	Adopted Fee
MULTI-SOURCE HOUSING FUND - CATEGORY I								
1. Rental Dispute Mediation								
1 Apartment Unit	\$9.09 annually	74.9%	\$0 annually (Fee suspended for one year)	483,014	377,889		78.2%	
2 Mobile Home Unit	\$6.26 annually		No Change	84,200	64,647	64,647	76.8%	76.8%
3 Non-Rent Controlled Apartments	\$0.50 annually	19.7%	No Change	11,500	11,319	11,319	98.4%	98.4%
Sub-total Rental Dispute Mediation		80.8%		578,714	453,855	75,966	78.4%	13.1%
SUB-TOTAL MULTI-SOURCE HOUSING FUND - CATEGORY I		80.8%		578,714	453,855	75,966	78.4%	13.1%

MULTI-SOURCE HOUSING FUND - CATEGORY II

1. Inclusionary Fees

Note: Due to the volatility of the housing market, it is difficult to estimate the amount of inclusionary fees developers would pay.

1 Ownership Alternative Restricted Unit to be Developed Outside a Redevelopment Project Area	\$130,000 per unit- Please refer to resolutions passed on 6/19/07 related to new in-lieu fees: 73880, 73881, and RDA 5761		The fee was eliminated on June 19, 2007 and replaced with a new fee structure in the section below.
2 Ownership Alternative Restricted Unit to be Developed within a Redevelopment Project Area	\$65,000 per unit- Please refer to resolutions passed on 6/19/07 related to new in-lieu fees: 73880, 73881, and RDA 5761		The fee was eliminated on June 19, 2007 and replaced with a new fee structure in the section below.
3 Rental Alternative Restricted Unit to be Developed Outside a Redevelopment Project Area	\$142,800 per unit- Please refer to resolutions passed on 6/19/07 related to new in-lieu fees: 73880, 73881, and RDA 5761		The fee was eliminated on June 19, 2007 and replaced with a new fee structure in the section below.

DEPARTMENTAL FEES AND CHARGES

HOUSING

Service	2006-2007 Adopted Fee	2006-2007 % Cost Recovery	2007-2008 Adopted Fee	2007-2008 Estimated Cost	2007-2008 Estimated Revenue		2007-2008 % Cost Recovery	
					Current Fee	Adopted Fee	Current Fee	Adopted Fee
MULTI-SOURCE HOUSING FUND - CATEGORY II								
1. Inclusionary Fees								
4 Rental Alternative Restricted Unit to be Developed within a Redevelopment Project Area	\$71,400 per unit		The fee was eliminated on June 19, 2007 and replaced with a new fee structure in the section below.					
5 For-Sale - High Rise in Downtown High-Rise Incentive Area			\$8.50 per square foot of total living space in entire development. Maximum per affordable unit: \$65,000					
6 For-Sale - High Rise not in Downtown Core			\$17.00 per square foot of total living space in entire development. Maximum per affordable unit: \$200,200					
7 For-Sale - Low-Rise Condominium/Stacked Flat Units			\$17.00 per square foot of total living space in entire development. Maximum per affordable unit: \$90,000					
8 For-Sale - Single-Family Detached Units			\$17.00 per square foot of total living space in entire development. Maximum per affordable unit: \$200,000					
9 For-Sale - Townhouse/Row-House Units			\$17.00 per square foot of total living space in entire development. Maximum per affordable unit: \$120,000					
10 Rental Units			\$17.00 per square foot of total living space in entire development. Maximum per affordable unit: \$85,500					
2. Rental Mediation Penalty: Apartments								

DEPARTMENTAL FEES AND CHARGES

HOUSING

Service	2006-2007 Adopted Fee	2006-2007 % Cost Recovery	2007-2008 Adopted Fee	2007-2008 Estimated Cost	2007-2008 Estimated Revenue		2007-2008 % Cost Recovery	
					Current Fee	Adopted Fee	Current Fee	Adopted Fee
MULTI-SOURCE HOUSING FUND - CATEGORY II								
2. Rental Mediation Penalty: Apartments								
1 30 days past due = 25% of principal	Penalties and interest assessed for delinquent permit payment		No Change					
2 60 days past due = 50% of principal	Penalties and interest assessed for delinquent permit and payment		No Change					
3. Rental Mediation Penalty: Mobile Homes								
1 30 days past due = 10% of the amount of the fee	Penalties and interest assessed for delinquent permit payment		No Change					
SUB-TOTAL MULTI-SOURCE HOUSING FUND - CATEGORY II								
TOTAL DEPARTMENT - NON-GENERAL FUND				578,714	453,855	75,966	78.4%	13.1%
TOTAL DEPARTMENT - Category I				578,714	453,855	75,966	78.4%	13.1%
TOTAL DEPARTMENT - Category II								
TOTAL DEPARTMENT				578,714	453,855	75,966	78.4%	13.1%